

EXHIBIT D

WISEBITS IP LIMITED

**ANNUAL REPORT AND FINANCIAL
STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2016**

WISEBITS IP LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016****CONTENTS**

	PAGE
Board of Directors and other officers	1
Management report	2
Independent auditor's report	3 - 5
Statement of profit or loss and other comprehensive income	6
Statement of financial position	7
Statement of changes in equity	8
Cash flow statement	9
Notes to the financial statements	10 - 16
Additional information to the statement of profit or loss	17 - 21

WISEBITS IP LIMITED

BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors: Constantinos Christoforou

Company Secretary: Demetra Papachilleos

Independent Auditors:
Deloitte Limited
Certified Public Accountants and Registered Auditors
Maximos Plaza, Tower 1, 3rd Floor
213 Arch. Makariou III Avenue
3030 Limassol
Cyprus

Legal Advisers: D. Papachilleos & Co. LLC, Cyprus

Registered Office:
Arch. Makariou III, 132
Sagro Building
3021, Limassol
Cyprus

Banker: Bendura Bank AG, Liechtenstein

Registration Number: HE 348035

WISEBITS IP LIMITED

MANAGEMENT REPORT

The Board of Directors of Wisebits IP Limited (the "Company") presents to the members its Management report and audited financial statements of the Company for the year ended 31 December 2016.

Incorporation

The Company was incorporated in Cyprus on 20 October 2015 as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113.

Principal activity and nature of operations of the Company

The principal activity of the Company is the ownership and exploitation of intellectual property rights.

Review of current position, future developments and performance of the Company's business

The Company's development to date, financial results and position as presented in the financial statements are considered satisfactory.

The Board of Directors does not expect major changes in the principal activities of the Company in the foreseeable future.

Principal risks and uncertainties

The principal risks and uncertainties faced by the Company are disclosed in note 3 of the financial statements.

Existence of branches

The Company does not maintain any branches.

Results

The Company's results for the year are set out on page 6.

Dividends

The Board of Directors does not recommend the payment of a dividend.

Share capital

There were no changes in the authorised and issued share capital of the Company during the year.

Board of Directors

The sole member of the Company's Board of Directors as at 31 December 2016 and at the date of this report is presented on page 1. The sole Director was a member of the Board of Directors throughout the year ended 31 December 2016.

In accordance with the Company's Articles of Association the sole Director presently member of the Board continues in office.

There were no significant changes in the remuneration of the Board of Directors.

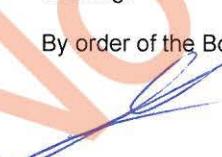
Events after the reporting period

Any significant events that occurred after the end of the reporting period are described in note 15 to the financial statements.

Independent Auditors

The independent auditors, Deloitte Limited, have expressed their willingness to continue in office and a resolution authorising the Board of Directors to fix their remuneration will be submitted at the forthcoming Annual General Meeting.

By order of the Board of Directors,



Constantinos Christoforou
Director

Limassol, 16 January 2018



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Independent Auditor's Report

To the Members of Wisebits IP Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Wisebits IP Limited (the "Company"), which are presented in pages 6 to 16 and comprise the statement of financial position as at 31 December 2016, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2016, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Cyprus, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the management report and the additional information to the statement of profit or loss, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board Members: Christis M. Christoforou (Chief Executive Officer), Eleftherios N. Philippou, Nicos S. Katsikides, Nicos D. Papagiacou, Athos Chrysanthou, Costa Georgiadis, Antonis Taliotis, Panos Papadopoulos, Pieris M. Markou, Nicos Charalambous, Nicos Spanoudis, Maria Psachalis, Alexis Agathocleous, Alkis Christodoulides, Christakis Ioannou, Panicos Papamichael, Christos Papamarkides, George Martides, Kerry Whyte, Andreas Georgiou, Christos Neocleous, Demetris Papapetrieous, Andreas Andreou, Alecos Papalexandrou, George Pantelides, Panayiotis Vaytanou, Agis Agathocleous, Geston Hadjianastassiou, Kyriacos Ioannides, Yiannis Sophianos, Kyriakos Michos, Yiannis Leonidou, Michael Christoforou (Chairman Emeritus).

3
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Deloitte Limited is a private company, registered in Cyprus (Reg. No. 162812). Offices: Nicosia, Limassol, Larnaca.

Member of Deloitte Touche Tohmatsu Limited



Independent Auditor's Report (continued)

To the Members of Wisebits IP Limited (continued)

Responsibilities of the Board of Directors for the Financial Statements

The Board of Directors is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Independent Auditor's Report (continued)

To the Members of Wisebits IP Limited (continued)

Report on Other Legal Requirements

Pursuant to the additional requirements of the Auditors Law of 2017, we report the following:

- In our opinion, the management report, has been prepared in accordance with the requirements of the Cyprus Companies Law, Cap. 113, and the information given is consistent with the financial statements.
- In our opinion, and in the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the management report.

Other Matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 69 of the Auditors Law of 2017 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

Kyriakos Vlachos
Certified Public Accountant and Registered Auditor
for and on behalf of

Deloitte Limited
Certified Public Accountants and Registered Auditors
Maximos Plaza, Tower 1, 3rd Floor
213 Arch. Makariou III Avenue
3030 Limassol
Cyprus

Limassol, 16 January 2018

WISEBITS IP LIMITED

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Note	2016 US\$	20/10/2015- 31/12/2015 US\$
Revenue	5	8,985,189	40,000
Amortisation of intangible assets		(9,739,501)	(9,739,409)
Administration expenses		<u>(179,666)</u>	<u>(46,375)</u>
Operating loss	6	(933,978)	(9,745,784)
Finance costs	7	(888)	-
Net foreign exchange loss		<u>(1,638)</u>	<u>-</u>
Loss before tax		(936,504)	(9,745,784)
Income tax	8	-	-
Loss for the year/period		(936,504)	(9,745,784)
Other comprehensive income		-	-
Total comprehensive income for the year/period		(936,504)	(9,745,784)

The notes on pages 10 to 16 form an integral part of these financial statements.

WISEBITS IP LIMITED**STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2016**

	Note	2016 US\$	2015 US\$
ASSETS			
Non-current assets			
Intangible assets	9	29,218.596	38,957,636
Trade and other receivables	10	1.137	1.137
		29,219.733	38,958,773
Current assets			
Trade and other receivables	10	8,867.533	46,778
Cash and bank balances	11	3.705	-
		8,871.238	46,778
TOTAL ASSETS		38,090.971	39,005.551
EQUITY AND LIABILITIES			
Equity and reserves			
Share capital	12	108.750	108.750
Share premium		48,589.432	48,589,432
Accumulated losses		(10,682.288)	(9,745.784)
		38,015.894	38,952,398
Current liabilities			
Trade and other payables	13	75.077	53,153
		75.077	53,153
Total liabilities		75.077	53,153
TOTAL EQUITY AND LIABILITIES		38,090.971	39,005.551

On 16 January 2018 the Board of Directors of Wisebits IP Limited authorised these financial statements for issue.



Director

The notes on pages 10 to 16 form an integral part of these financial statements.

WISEBITS IP LIMITED**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Share capital US\$	Share premium US\$	Accumulated losses US\$	Total US\$
Balance at 20 October 2015	-	-	-	-
Loss for the period	-	-	(9,745.784)	(9,745.784)
Issue of share capital	108.750	48,589.432	-	48,698.182
Balance at 31 December 2015	108.750	48,589.432	(9,745.784)	38,952.398
Loss for the year	-	-	(936.504)	(936.504)
Balance at 31 December 2016	108.750	48,589.432	(10,682.288)	38,015.894

Companies which do not distribute 70% of their profits after tax, as defined by the relevant tax law, within two years after the end of the relevant tax year, will be deemed to have distributed as dividends 70% of these profits. Special contribution for defence at 17% will be payable on such deemed dividends to the extent that the ultimate shareholders are both Cyprus tax resident and Cyprus domiciled. The amount of deemed distribution is reduced by any actual dividends paid out of the profits of the relevant year at any time. This special contribution for defence is payable by the Company for the account of the shareholders.

WISEBITS IP LIMITED**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Note	2016 US\$	20/10/2015- 31/12/2015 US\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(936.504)	(9,745,784)
Adjustments for:			
Amortisation of intangible assets	9	<u>9,739.501</u>	<u>9,739,409</u>
		<u>8,802.997</u>	<u>(6,375)</u>
Changes in working capital:			
Increase in trade and other receivables		(8,820.755)	(46,778)
Increase in trade and other payables		<u>21.924</u>	<u>53,153</u>
Cash generated from operations		<u>4.166</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for purchase of intangible assets	9	<u>(461)</u>	<u>-</u>
Net cash used in investing activities		<u>(461)</u>	<u>-</u>
Net increase in cash and cash equivalents		<u>3.705</u>	<u>-</u>
Cash and cash equivalents at beginning of the year/period		<u>-</u>	<u>-</u>
Cash and cash equivalents at end of the year/period	11	<u>3.705</u>	<u>-</u>

The notes on pages 10 to 16 form an integral part of these financial statements.

WISEBITS IP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1. Incorporation and principal activities

Country of incorporation

Wisebits IP Limited (the "Company") was incorporated in Cyprus on 20 October 2015 as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113. Its registered office is at Arch. Makariou III, 132, Sagro Building, 3021, Limassol, Cyprus.

Principal activity

The principal activity of the Company is the ownership and exploitation of intellectual property rights.

2. Significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years/periods presented in these financial statements unless otherwise stated.

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap.113. The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires management to exercise its judgment in the process of applying the Company's accounting policies. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

Adoption of new and revised IFRSs

During the current year the Company adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 January 2016. This adoption did not have a material effect on the accounting policies of the Company.

At the date of approval of these financial statements, standards and interpretations were issued by the International Accounting Standards Board which were not yet effective. Some of them were adopted by the European Union and others not yet. The Board of Directors expects that the adoption of these accounting standards in future periods will not have a material effect on the financial statements of the Company.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable goods and services provided in the normal course of business, net of discounts and sales related taxes.

Revenues earned by the Company are recognised on the following bases:

- **Royalty income**

Royalty income is recognised on an accruals basis in accordance with the substance of the relevant agreements.

Finance costs

Interest expense and other borrowing costs are charged to profit or loss as incurred.

WISEBITS IP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

2. Significant accounting policies (continued)

Foreign currency translation

(1) Functional and presentation currency

Items included in the Company's financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in United States Dollars (US\$), which is the Company's functional and presentation currency.

(2) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Income tax

Current tax liabilities and assets are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and laws that have been enacted, or substantively enacted, by the reporting date.

Dividends

Dividend distribution to the Company's shareholders is recognised in the Company's financial statements in the year in which they are approved by the Company's directors.

Patents and trademarks

Patents and trademarks are measured initially at purchase cost and are amortised on a straight-line basis over their estimated useful lives.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

The useful life used in the calculation of the amortisation of the trademark is:

Trademarks	5 years
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Financial instruments

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Trade receivables

Trade receivables are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank.

WISEBITS IP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

2. Significant accounting policies (continued)

Financial instruments (continued)

Trade payables

Trade payables are initially measured at fair value and are subsequently measured at amortised cost, using the effective interest rate method.

Derecognition of financial assets and liabilities

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- the Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Share capital

Ordinary shares are classified as equity. The difference between the fair value of the consideration received by the Company and the nominal value of the share capital being issued is taken to the share premium account.

Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

3. Financial risk management

Financial risk factors

The Company is exposed to credit risk, liquidity risk, capital risk management and capital risk arising from the financial instruments it holds. The risk management policies employed by the Company to manage these risks are discussed below:

3.1 Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company monitors on a continuous basis the ageing profile of its receivables.

WISEBITS IP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

3. Financial risk management (continued)

3.2 Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Company has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets.

3.3 Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Company's overall strategy remains unchanged from last year.

4. Critical accounting estimates and judgments

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires management to exercise its judgment in the process of applying the Company's accounting policies. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

- Impairment of intangible asset**

Intangible assets are initially recorded at acquisition cost and are amortized on a straight line basis over their useful economic life. Intangible assets that are acquired through a business combination are initially recorded at fair value at the date of acquisition. Intangible assets with indefinite useful life are reviewed for impairment at least once per year. The impairment test is performed using the discounted cash flows expected to be generated through the use of the intangible assets, using a discount rate that reflects the current market estimations and the risks associated with the asset. When it is impractical to estimate the recoverable amount of an asset, the Company estimates the recoverable amount of the cash generating unit in which the asset belongs to.

5. Revenue

	2016	2015
	US\$	US\$
Royalty income	<u>8,985.189</u>	40,000
	<u>8,985.189</u>	40,000

6. Operating loss

	2016	2015
	US\$	US\$
Operating loss is stated after charging the following items:		
Amortisation of intangible assets (Note 9)	9,739.501	9,739,409
Auditors' remuneration	2,363	2,446
Fees paid to auditors for non-audit services	-	42,611

WISEBITS IP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

7. Finance costs

	2016 US\$	20/10/2015- 31/12/2015 US\$
Bank charges	888	-
Finance costs	888	-

8. Income tax

The total charge for the year can be reconciled to the accounting results as follows:

	2016 US\$	20/10/2015- 31/12/2015 US\$
Loss before tax	<u>(936.504)</u>	<u>(9.745.784)</u>
Tax calculated at the applicable tax rates	(117.063)	(1.218.223)
Tax effect of expenses not deductible for tax purposes	1.311.062	2.192.049
Tax effect of allowances and income not subject to tax	(1.217.438)	(1.217.426)
Tax effect of tax loss for the year/period	23.439	243.600
Tax charge	-	-

The Company is subject to corporation tax on taxable profits at the rate of 12.5%.

Under certain conditions interest income may be subject to defence contribution at the rate of 30%. In such cases this interest will be exempt from corporation tax. In certain cases, dividends received from abroad may be subject to defence contribution at the rate of 17%.

Due to tax losses sustained in the year, no tax liability arises on the Company. Under current legislation, tax losses may be carried forward and be set off against taxable income of the five succeeding years.

9. Intangible assets

	Trademarks US\$
Cost	
Additions	48.697.045
Balance at 1 January 2016	48.697.045
Additions	461
Balance at 31 December 2016	48.697.506
Amortisation	
Charge for the period	9.739.409
Balance at 1 January 2016	9.739.409
Charge for the year	9.739.501
Balance at 31 December 2016	19.478.910
Net book amount	
Balance at 31 December 2016	29.218.596
Balance at 31 December 2015	38.957.636

WISEBITS IP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

10. Trade and other receivables

	2016 US\$	2015 US\$
Receivables from related parties (Note 14.3)	8,867,090	46,282
Receivables from parent company (Note 14.3)	1,137	1,137
Refundable VAT	<u>443</u>	<u>496</u>
	<u>8,868,670</u>	<u>47,915</u>
Less non-current receivables	(1,137)	(1,137)
Current portion	<u>8,867,533</u>	<u>46,778</u>

The fair values of trade and other receivables due within one year approximate to their carrying amounts as presented above.

The exposure of the Company to credit risk and impairment losses in relation to trade and other receivables is reported in note 3 of the financial statements.

11. Cash and bank balances

For the purposes of the cash flow statement, the cash and cash equivalents include the following:

Cash and cash equivalents by type:

	2016 US\$	2015 US\$
Cash at bank	<u>3,705</u>	-
	<u>3,705</u>	-

12. Share capital

	2016 Number of shares	2016 €	2015 Number of shares	2015 €
Authorised	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>
Ordinary shares of €1 each				
Issued and fully paid		US\$		US\$
Balance at 1 January	99,000	107,613	-	-
Issue of shares	-	-	99,000	107,613
Balance at 31 December	99,000	107,613	99,000	107,613
Unpaid issued capital	1,000	1,137	1,000	1,137
Balance at 31 December	<u>100,000</u>	<u>108,750</u>	<u>100,000</u>	<u>108,750</u>

13. Trade and other payables

	2016 US\$	2015 US\$
Payables to related parties (Note 14.4)	70,269	-
Other payables and accruals	<u>4,808</u>	<u>53,153</u>
	<u>75,077</u>	<u>53,153</u>

The fair values of trade and other payables due within one year approximate to their carrying amounts as presented above.

WISEBITS IP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

14. Related party transactions

The Company is controlled by xHamster IP Holding Limited, incorporated in Antigua, which owns 100% of the Company's shares. The Company's ultimate controlling party is Mr. Oleg Netepenko.

The following transactions were carried out with related parties:

14.1 Sales of services

	<u>Nature of transactions</u>	2016	2015
		US\$	US\$
Related party connected with the ultimate controlling party	Royalty fees	8.985.189	40.000
		<u>8.985.189</u>	<u>40.000</u>

14.2 Purchases of services

	<u>Nature of transactions</u>	2016	2015
		US\$	US\$
Related party connected with the ultimate controlling party	Management fees	176.713	-
		<u>176.713</u>	<u>-</u>

14.3 Receivables from related parties (Note 10)

<u>Name</u>	<u>Nature of transactions</u>	2016	2015
		US\$	US\$
Related party connected with the ultimate controlling party	Trade	8.867.090	46.282
Parent company	Non-trade	1.137	1.137
		<u>8.868.227</u>	<u>47.419</u>

14.4 Payables to related parties (Note 13)

<u>Name</u>	<u>Nature of transactions</u>	2016	2015
		US\$	US\$
Related party connected with the ultimate controlling party	Trade	70.269	-
		<u>70.269</u>	<u>-</u>

15. Events after the reporting period

On 31 December 2016, by a special resolution taken at an extraordinary general meeting, the Company resolved to reduce its share premium from €44.700.480 to €25.720.280, through the return of €18.980.200 to its shareholders. The share premium reduction was approved by the court on 18 October 2017.

Independent auditor's report on pages 3 to 5

WISEBITS IP LIMITED

DETAILED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2016

	Page	2016 US\$	20/10/2015- 31/12/2015 US\$
Royalty income		8,985,189	40,000
Operating expenses			
Amortisation of intangible assets		(9,739,501)	(9,739,409)
Administration expenses	18	<u>(179,666)</u>	<u>(46,375)</u>
Operating loss		(933,978)	(9,745,784)
Finance costs	19	(888)	-
Net foreign exchange loss		(1,638)	-
Loss for the year/period before tax		<u>(936,504)</u>	<u>(9,745,784)</u>

WISEBITS IP LIMITED**ADMINISTRATION EXPENSES
FOR THE YEAR ENDED 31 DECEMBER 2016**

	2016 US\$	20/10/2015- 31/12/2015 US\$
Incorporation expenses	-	1.318
Licenses and taxes	194	-
Annual levy	396	-
Auditors' remuneration	2,363	2,446
Fees paid to auditors for non-audit services	-	42,611
Management fees	<u>176,713</u>	<u>-</u>
	<u>179,666</u>	<u>46,375</u>

WISEBITS IP LIMITED

FINANCE COSTS
FOR THE YEAR ENDED 31 DECEMBER 2016

	2016 US\$	20/10/2015- 31/12/2015 US\$
Finance costs		
Bank charges	<u>888</u>	<u>-</u>
	<u>888</u>	<u>-</u>

WISEBITS IP LIMITED

**COMPUTATION OF WEAR AND TEAR ALLOWANCES
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Year	COST				ANNUAL ALLOWANCES				Net value 31/12/2016 US\$
		%	Balance 01/01/2016 US\$	Additions for the year US\$	Disposals for the year US\$	Balance 31/12/2016 US\$	Balance 01/01/2016 US\$	Charge for the year US\$	On disposals US\$	
Patents and trademarks										
Trademark	2015	20	48.697.045	-	-	48.697.045	9.739.409	9.739.409	-	19.478.818
Trademark	2016	20	-	461	-	461	-	92	-	92
			48.697.045	461	-	48.697.506	9.739.409	9.739.501	-	19.478.910
										29.218.596

WISEBITS IP LIMITED**COMPUTATION OF CORPORATION TAX
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Page 17	US\$	US\$
Net loss per income statement			(936.504)
<u>Add:</u>			
Amortisation of intangible assets		9.739.501	
Interest imposed under the arm length principles		57	
80% of the loss from the exploitation of intangible assets		746.711	
Foreign exchange loss		1.638	
Annual levy		396	
Licenses and taxes		194	
		<hr/>	<hr/>
		10.488.497	
		<hr/>	9.551.993
<u>Less:</u>			
Annual wear and tear allowances	20	<hr/>	<hr/>
		9.739.501	(9.739.501)
Net loss for the year			<hr/> (187.508)
Converted into € at US\$ 1,053600 = €1			€ (177.969)
Loss brought forward			<hr/> (1.783.766)
Loss carried forward			<hr/> (1.961.735)

WISEBITS IP LTD
132 Arch. Makariou III, Sagro Building,
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HE 348035

REPORT AND FINANCIAL STATEMENTS

The report of the Board of Directors, the Auditor's report and Financial Statements of the company for the period from 20 October 2015 to 31 December 2016 are true copies of those presented at the Annual General Meeting that took place on 31 December 2016.

Signature
Director

Signature
Secretary

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